

HEALTH SERVICES AND DEVELOPMENT AGENCY

MINUTES *

November 18, 2015

AGENCY MEMBERS PRESENT

Johnson, D. Lynn, Chair
Wright, James, Vice-Chair
Doolittle, Robert S.
Burns, Charlotte
Fleming, Martin, M.D.
Mills, Thom
Grandy, Joe
Ridgway, Corey
Gaither, Keith, designee for the TennCare Director
Harding, Jaclyn, designee for the Comptroller of the Treasury
Jordan, Lisa, designee for the Commissioner of Commerce and Insurance

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Ausbrooks, Mark, Administrative Assistant III
Christoffersen, Jim, General Counsel
Craighead, Alecia, Statistical Analyst III
Earhart, Phillip, HSD Examiner
Farber, Mark, Deputy Director
Finchum, Rhonda, Administrative Officer
Grimm, Jeff, HSD Examiner

COURT REPORTER

Deen, Meschelle Manley

GUESTS PRESENT

Ambrosius, Paul, Esq., Trauger & Tuke
Angle, Mary Ann, Hospital Corporation of America
Archer, David, CEO, Saint Francis Healthcare
Baker, Graham, Jr., Esq., Anderson and Baker
Barrett, Bob, CFO, Sumner Regional Medical Center
Benink, Eric, CMO, Regional One Health
Brent, Michael D., Esq., Bradley Arant Boult Cummings, LLP
Brown, Paige, Mayor, City of Gallatin
Bunker, Wyatt, Mayor of Lakeland
Burris, Caroline, Hospital Administrator, HCA, TriStar Summit Medical Center
Caples, Greg, COO, Summit Medical Center
Chandler, Zach, CSO, Baptist Memorial Health
Coopwood, Reginald, CEO, Regional One Health
Coppens, Katie, MPF
Criner, David, M. D., St. Francis Hospital Memphis
Culp, Joe, CON Program, TDH
Davis, Randy, CEO, NorthCrest Medical Center
Duckett, Gregory M., Sr. Vice President/Corporate Counsel, Baptist Memorial Health Care Corporation
Elrod, Dan H., Esq., Butler Snow
Felts, Ginna, Business Development, Vanderbilt University Medical Center
Fletcher, Holly, Reporter, Tennessean
Fowler, Michelle, MPF
Herman, Michael, COO, Sumner Regional Medical Center
Holt, Anthony, County Executive, Sumner County
Howard, Cassandra, M.D., Methodist LeBonheur

Johnson, Kim, Communications, TriStar Health
Kenley, William, CEO, Methodist LeBonheur
Kisber, Paige, President, Hospital Alliance of Tennessee
Klein, Robert, COO, Lifepoint
Little, Jason, CEO, Baptist Memorial HealthCare
Locke, Chris, CEO, St. Francis Hospital Bartlett
Looney, Kim Harvey, Esq., Waller Lansden Dortch & Davis
Lowes, William, Deputy Board of Directors, St. Francis Hospital Bartlett
Lynd, Sam, Administrator, Baptist Memorial Healthcare
Maples, Arthur, Director Government Operations, Baptist Memorial Health Care Corporation
Merville, LaDonna, VP, Hospital Alliance of Tennessee
Pinkston, Ray, M.D., Sumner Regional Medical Center
Peach, Susan, CEO, Sumner Regional Medical Center
Pendley, Janet, Coordinator, TriStar Summit Medical Center
Phillips, Robert, M.D., Sumner Regional Medical Center
Reed, Ann, R., RN, BSN, MBA, Director of Licensure, TDH, Division of Health Care Facilities
Robertson, Brad, CFO, St. Francis Hospital
Robinson, Marlynn, SVP, Saint Thomas Healthcare
Sansing, Trent, CON Director, TDH
Shepard, Brian, CFO, TriStar Summit Medical Center
Taylor, Jerry W., Esq., Burr & Forman
Thompson, Stan, M.D., Baptist Memorial Healthcare
Trauger, Byron R., Esq., Trauger & Tuke
Tutor, Andrea, Analyst, Methodist LeBonheur
Tyler, Drew, COO, Stonecrest Medical Center
Vetter, Stacia, AVP, National HealthCare Corporation
Weidenhofer, Carol, Director, Methodist LeBonheur
Wellborn, John L., Consultant, Development Support Group
Whitehorn, Jeff, CEO, TriStar Summit Medical Center

ROLLCALL TO ESTABLISH QUORUM

Mr. Johnson requested roll call to establish quorum.

PRESENT: Jordan, Mills, Gaither, Wright, Doolittle, Burns, Harding, Fleming, Grandy, Johnson

Ten (10) members present.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made general announcements regarding the following:

- 1) Instructions were provided for those providing testimony on the scheduled agenda items;
- 2) The December meeting currently has 4 applications scheduled for review, January has 6, and February has the possibility of 10;
- 3) The Senate Commerce and Labor Study Committee on SB 992 which proposes to eliminate most health care services from certificate of need was held on November 16, 2015. Members of the committee included Senators Gardenhire, Green, and Watson with Senator Gardenhire serving as the chair. Senate Health Committee Chairman Rusty Crowe was in attendance as was Senator Yarbro. The Agency's website provides a link to the hearing.

APPROVAL OF MINUTES

Mr. Johnson presented October 28, 2015 minutes for approval.

Mr. Mills moved for approval of the minutes as presented. Mr. Wright seconded the motion. The motion CARRIED [10-0-0]. **APPROVED by unanimous voice vote**

AYE: Jordan, Mills, Gaither, Wright, Doolittle, Burns, Harding, Fleming, Grandy, Johnson
NAY: None

STATE HEALTH PLAN UPDATE

Jeff Ockerman, Director, Division of Health Planning, Department of Health, presented a brief update as follows:

1. The final draft standards for NICU went out on November 17.
2. The inpatient Psychiatric draft standards will go out on November 20 for review;
3. A questionnaire on Free Standing Emergency Departments is being drafted.

CERTIFICATE OF NEED APPLICATIONS

Mr. Ridgway arrived.

Mark Farber summarized the following CON Applications:

Sumner Regional Medical Center Satellite ED - (Gallatin, Sumner County), TN - Project No. CN1508-029

Mr. Ridgway and Ms. Burns recused.

To establish a 5 treatment room free-standing, off-campus hospital emergency department. The proposed satellite emergency department will operate as a department of the hospital and is planned to be located at Sumner Regional Medical Center's existing outpatient facility known as Sumner Station located at 225 Big Station Camp Boulevard, Gallatin (Sumner County), TN 37066 which is located 6.9 miles west of the main campus. The estimated project cost is \$7,081,754.

Byron Trauger, Esq., and Susan Peach, CEO, Sumner Regional, addressed the Agency on behalf of the applicant.

Speaking in support were: Ray Pinkston, M.D., Sumner Regional Medical Center; Paige Brown, Mayor, City of Gallatin; and Anthony Holt, County Executive, Sumner County.

Byron Trauger, Esq., provided applicant summation.

Mr. Doolittle moved for approval of the project noting that the hospital in Hendersonville and the other applicant did not oppose the application: 1) Need – the existing occupancy and traffic at their current facility, and the inability to expand it, shows that there is a need. It is a fast-growing county, and the people deserve a more convenient location. And note that the hospital in Hendersonville and the other applicant is not opposing this application; 2) Economic Feasibility – The project is economically feasible and cash reserves are available. The financial viability is assured. The hospital is profitable, and this project should be profitable, Lifepoint stands behind the financial obligations; and 3) The project does contribute to the orderly development of adequate and effective health care in that area, in that it will improve access to the consumers in that geographical area. Ms. Jordan seconded the motion. The motion CARRIED [7-2-0]. **APPROVED**

AYE: Jordan, Mills, Wright, Doolittle, Harding, Grandy, Johnson
NAY: Gaither and Fleming

TriStar Summit Medical Center Satellite ED Mt. Juliet - (Mt. Juliet, Wilson County), TN - Project No. CN1508-031

Mr. Ridgway and Ms. Burns recused.

To establish an 8 treatment room free-standing, off-campus hospital emergency department to be constructed at an unaddressed site in Wilson County in the southwest quadrant of the intersection of I-40 and Beckwith

HEALTH SERVICES AND DEVELOPMENT AGENCY

NOVEMBER 18, 2015 MEETING

- PAGE 3 -

Road (near Exit 229). The site is approximately 100 yards west of Beckwith Road on an access drive at Smyrna Ready Mix, whose address is 4910 Beckwith Road. The satellite emergency department is located approximately 9.9 miles east from TriStar Summit Medical Center. The estimated project cost is \$11,106,634.

Jerry Taylor, Esq., and Jeff Whitehorn, CEO, TriStar Summit Medical Center addressed the Agency on behalf of the applicant.

Speaking in support were: Bryan Sharpe, M. D., TriStar Summit Medical Center, Jamie Luffman, Firechief, Mt. Juliet, Kenny Martin, City Manager, Mt. Juliet, and Lilo Plummer.

Previously not speaking but responding to Agency member questions was Greg Caples, COO, TriStar Summit Medical Center.

Jerry Taylor, Esq., provided applicant summation.

Mr. Mills moved for approval of the project based on: 1) Need – They're serving, currently, over 1,900 or having over 1,900 ED visits per room, which exceeds the standard of 1,500, on an annual basis, and this satellite ED will improve access and provide faster medical services to the community of Western Wilson County; 2) Economic Feasibility – The project is economically feasible and cash reserves are available from the parent company, HCA, and they will have a positive net operating income in both year one and year two; and 3) The project does contribute to the orderly development of adequate and effective health care. It will make services available to those in need in this very growing area of Wilson County. It will alleviate the capacity issues that they are having at the main Emergency Department, and it will have very little impact on other providers, as they plan on serving the same basic patient population base. Ms. Jordan seconded the motion. The motion CARRIED [7-2-0]. APPROVED

AYE: Jordan, Mills, Wright, Doolittle, Harding, Grandy, Johnson

NAY: Gaither and Fleming

Baptist Memorial Hospital - (Memphis, Shelby County), TN - Project No. CN1508-036

Mr. Ridgway, Dr. Fleming, and Mr. Doolittle recused.

To establish a 12 treatment room free-standing, off-campus hospital emergency department to be located at 6525 Quince Road, Memphis (Shelby County), TN 38119. The proposed facility will be operated as a satellite emergency department of Baptist Memorial Hospital located at 6019 Walnut Grove Road in Memphis, a distance of approximately 6.8 miles. The estimated project cost is \$18,457,700.

Dan Elrod, Esq., addressed the Agency on behalf of the applicant.

Speaking in support were: Erik Benink, CMO, Regional One Health, Stanley Thompson, M.D., Baptist Memorial Healthcare, Jason Little, CEO, Baptist Memorial Healthcare and Greg Duckett, General Counsel, Baptist Memorial Healthcare.

Speaking in opposition were: Byron Trauger, Esq., on behalf of Methodist Lebonheur and Kim Looney Esq., on behalf of St. Francis Hospital.

Dan Elrod, Esq., rebutted.

Previously not speaking but responding to Agency member questions were: Opposition-- Dave Archer, CEO, St. Francis Hospital, William Kenly, CEO, Methodist Lebonheur, and Cassandra Howard, M.D. Methodist Lebonheur.

Kim Looney, Esq., provided opposition summation.

Dan Elrod, Esq., provided applicant summation.

Mr. Grandy moved for denial of the project based on the fact that it does not meet the need nor the orderly development of healthcare. He also noted the fact that there are more legal questions surrounding the application. Mr. Wright seconded the motion. The motion CARRIED [7-0-1]. APPROVED

HEALTH SERVICES AND DEVELOPMENT AGENCY

NOVEMBER 18, 2015 MEETING

- PAGE 4 -

AYE: Jordan, Mills, Gaither, Wright, Harding, Grandy, Johnson
Nay: None
ABSTAINED: Burns

Baptist Memorial Hospital - (Lakeland, Shelby County), TN - Project No. CN1508-037

Mr. Ridgway, Dr. Fleming, and Mr. Doolittle recused.

To establish a 10 treatment room free-standing, off-campus hospital emergency department to be located at an unnamed street address near the intersection of Highway 64 and Canada Road in Lakeland (Shelby County), Tennessee, 38002. The proposed facility will be operated as a satellite emergency department of Baptist Memorial Hospital located at 6019 Walnut Grove Road in Memphis, a distance of approximately 12.3 miles. The estimated project cost is \$18,718,029.

Dan Elrod, Esq., addressed the Agency on behalf of the applicant and requested a deferral of the application.

Mr. Mills moved for deferral of the application for at least 60 days, pending clarification from the Department of Health regarding the joint operating agreement and CMS's approval of this agreement. Mr. Grandy seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jordan, Mills, Gaither, Wright, Burns, Harding, Grandy, Johnson
NAY: None

GENERAL COUNSEL'S REPORT

Jim Christoffersen summarized the following CON modification requests:

VHA Enterprises, Inc., Project No. 87-CN-032A

Request for modification to convert mobile MRI services to a fixed location at 1424 Baddour Parkway, Suite G., Lebanon (Wilson County), TN 37087. If the modification is approved, the CON holder (Insight Health Services Corp.) would no longer be permitted to offer MRI services anywhere else.

VHA Enterprises, Inc. was approved for the provision of magnetic resonance imaging services at health care providers in the following counties: Bedford, Cannon, Cheatham, Coffee, Davidson, Dickson, Giles, Hickman, Houston, Lawrence, Lewis, Marshall, Maury, Montgomery, Robertson, Rutherford, Stewart, Wayne, Williamson, and Wilson. **DEFERRED UNTIL FURTHER NOTICE.**

Southern Sports Surgery Center d/b/a Indian Lake Surgery Center - Hendersonville (Sumner County), TN - CN1204-019AM.

Ms. Burns and Mr. Ridgway recused.

Seeks the following modifications: 1. Cost increase from \$3,355,533 to \$3,869,549; and
2. Increase in square footage from 6,200 to 7,200.

Dan Elrod, Esq., addressed the Agency on behalf of the applicant.

Ms. Jordan moved for approval of the project for a cost increase and increase the square footage as indicated in this request. Mr. Doolittle seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

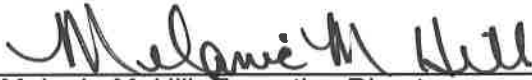
AYE: Jordan, Mills, Gaither, Doolittle, Wright, Harding, Fleming, Grandy, Johnson
NAY: None

CONTESTED CASES UPDATE

Mr. Christoffersen provided an update on contested cases.

ADJOURNMENT

There being no further business, the meeting adjourned.



Melanie M. Hill, Executive Director

* Minutes provide only a brief staff summary of the meeting and are not intended to be an all-inclusive report. The HSDA maintains a detailed record of each meeting (recording and transcript) that is available upon request by contacting the HSDA office at 615-7412364.